

deposits will be reduced by the estimated amount necessary for payment of refunds and drawbacks.

(c) Except for products described in 26 U.S.C. 7652(c), no excise taxes shall be deposited into the Treasury of Puerto Rico if an excise tax subsidy is provided by Puerto Rico that is of a kind different from, or in an amount per value or volume of production greater than, any subsidy offered by Puerto Rico to industries manufacturing products not subject to Federal excise tax.

(Sec. 2682, Pub. L. 98-369, 98 Stat. 494 (26 U.S.C. 7652))

[T.D. ATF-175, 49 FR 20804, May 16, 1984, as amended by T.D. ATF-203, 50 FR 15888, Apr. 23, 1985; T.D. ATF-263, 52 FR 46593, Dec. 9, 1987. Redesignated and amended by T.D. ATF-459, 66 FR 38550, July 25, 2001]

§ 26.36 Products exempt from tax.

(a) *General.* Industrial spirits, denatured spirits, and products made with denatured spirits in Puerto Rico may be brought into the United States without incurring tax liability imposed by 26 U.S.C. 5001 or 7652.

(b) *Industrial spirits.* A distiller of industrial spirits who registers and files a bond as a distilled spirits plant in accordance with part 19 of this chapter may ship industrial spirits to a tax-free alcohol user in the United States who holds a permit issued under part 22 of this chapter. These shipments shall be made in accordance with the requirements of parts 19 and 22 of this chapter.

(c) *Denatured spirits.* A distiller who registers and files a bond as a distilled spirits plant in accordance with part 19 of this chapter and who denatures spirits in accordance with parts 19 and 21 of this chapter may ship completely denatured alcohol to anyone in the United States, and may ship specially denatured spirits to a dealer or user of specially denatured spirits in the United States or Puerto Rico who holds a permit issued under part 20 of this chapter. These shipments shall be made in accordance with the requirements of parts 19 and 20 of this chapter, and subpart Ia of this part.

(d) *Products made with denatured spirits.* (1) A person in Puerto Rico who manufactures products with completely denatured alcohol in accordance with the requirements of part 20

of this chapter may ship those products to the United States in accordance with the requirements of part 20 of this chapter, and subpart Ia of this part.

(2) A person in Puerto Rico who manufactures products with specially denatured spirits may ship those products to the United States if that person (i) obtains a permit to use specially denatured spirits under part 20 of this chapter, and (ii) complies with the requirements of part 20 of this chapter and subpart Ia of this part relating to the manufacture and shipment of those products.

[T.D. ATF-199, 50 FR 9198, Mar. 6, 1985; T.D. ATF-199, 50 FR 20099, May, 14, 1985, as amended by T.D. ATF-271, 53 FR 17559, May 17, 1988]

§§ 26.36a-26.36b [Reserved]

§ 26.36c Shipments of bulk distilled spirits to the United States without payment of tax.

Bulk distilled spirits may be brought into the United States from Puerto Rico without payment of tax for transfer from customs custody to the bonded premises of a distilled spirits plant qualified under part 19 of this chapter. Such shipments are subject to the provisions of subpart Ib.

[T.D. ATF-62, 44 FR 71709, Dec. 11, 1979]

§ 26.37 Alcohol and Tobacco Tax and Trade Bureau Officers.

Appropriate TTB officers are authorized to collect internal revenue taxes on liquors and articles subject to tax, which are to be shipped to the United States.

[T.D. TTB-44, 71 FR 16944, Apr. 4, 2006]

§ 26.38 Containers of distilled spirits.

Containers of distilled spirits brought into the United States from Puerto Rico, having a capacity of not more than 1 gallon (3.785 liters), shall conform to the requirements of subpart P of this part.

[T.D. ATF-34, 41 FR 46863, Oct. 26, 1976]

§ 26.39 Labels.

All labels affixed to bottles of liquors coming into the United States shall conform to the requirements of the Federal Alcohol Administration Act